

EP 4-4393

**SECRET**

Security Information

7 August 1953

MEMORANDUM FOR: Chief of Administration, DD/P

SUBJECT : Income Taxes for Covert Personnel

1. In the past this Office has been requested on a number of occasions to approve payments of interest on United States income taxes due by covert personnel. The justifications in these cases were stated as being the inability of, or lack of guidance to, personnel involved in securely paying the amounts due. I was satisfied in those cases that the individuals had discharged their responsibilities and that the resulting interest charges were not the fault of the individuals.

2. In the hope of cutting down the number of future cases of this type, I want to bring this matter to your attention. It is recognized that this is a complicated subject varying with the circumstances of each particular case. However, the attached memorandum from the General Counsel, dated 3 August 1953, indicates that in most cases a satisfactory method for payment of taxes can be developed. It might be of interest to you in considering this matter to ascertain if the instructions included in the proposed cable were sent to all field stations by the various divisions.

3. Of interest is the fact that the Office of the General Counsel is preparing to propose establishment of a unit of the Internal Revenue within the Agency which will probably facilitate the secure filing of most Federal income tax returns. You may wish to consult with them directly on this matter.

4. My concern at this time is in assuring ourselves that all steps possible have been taken to avoid the necessity of CIA paying interest on personal income taxes.

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L. K. WHITE  
Acting Deputy Director  
(Administration)

EO/DD/A:JSW:map

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